



## How We Manage Expenses

“What are your needs?” It is always difficult for us to answer this question, for two reasons.

- a) We are not used to discussing our “needs” (having had a policy since 1979 not to ask for donations or even publicly to publicize our needs).
- b) We have been able to adjust our variable expenses to match the variable income. In other words, by God’s grace, we have not been in “need” of funds to pay bills that are due.

Our expenses fall into two main areas:

1. On-going operational expenses
2. One-time project-oriented expenses.

### 1. On-going Operational Expenses

We try to adjust our variable expenses to match the variable income. If giving is down, we do not consider it necessarily a “need,” but rather a signal to cut back how much free material we send out, hopefully only temporarily, as we pray for an increase that would allow us to send out much more free. Our heart desire—indeed, our purpose for existing—is to send out as much free materials as possible worldwide.

For the last six years, our donation income and operational expenses have hovered around \$600,000 per year. This has consisted of about \$45,000 per month, and \$40,000 to 80,000 in extra year-end gifts. We have used these year-end gifts for one-time projects and to create a buffer for variations in monthly giving during the following year.

Aside from ensuring that we do not go into debt, the practical outworking of our policy for matching expenses to income is as follows:

- non-variable expenses are about \$400,000 per year, including salaries, utilities, the computer infrastructure, and serving our commitments to distribute approximately 29,000 *Free Grace Broadcaster* issues and 2,000 *Studies in the Scriptures* issues each quarter.
- variable expenses are about \$200,000 each year, and include the cost to purchase paper for printing, mailing supplies, and postage.
- up until now, variations in monthly income have been +/- \$15,000. This is a small enough order of magnitude which has allowed us to use the year-end giving as a buffer to continue more or less at a normal level month by month throughout the following year.

The way we have responded to a decreased monthly income is to cut back on one-time projects, non-essential repairs, and how much we send for free orders (while maintaining our subscription commitments for the *FGB* and *Studies*). The latter leads to an immediate savings in postage and subsequent savings in paper purchased for printing.

The way we have responded to increased monthly income is to increase how much we send for non-specific free orders. By non-specific, we distinguish those who request specific quantities of material, and those who simply say “send us as much as you can.” During the last years, we have been able to honor all requests for specific material, paid and free. The non-specific orders (“send as much as you can”) come from prison chaplains, overseas missionaries, overseas native pastors and evangelists, short-term mission trips, and all sorts of small ministries in North America. It is these orders that see the most fluctuation. When more funds are available, we may send one or more large boxes (about \$320 each in value); when funds are less available, we may send a small box (about \$80).

Therefore, an increased level of giving simply allows us to send out more material to these non-specific requests. We estimate that there are 150+ men of integrity overseas who have asked for “all the material we can send,”

including 20 of our MZBI branches, and 13 international distributors. However, it is impossible to say that we have a “need” in this area, because we always understand whether gifts come in plenty or few, it is the hand of our sovereign God who is directing our path.

## **2. One-Time Projects**

These seem regularly to arise, often initiated by others who present us with an opportunity. We delay these until the funds are available, and typically draw from year-end surplus funds, rather than monthly operational giving.

Projects completed in recent years include the following.

- Purchase of a high-end color copier and digital printing equipment to allow us to produce paperback books with one-fourth the man-power required before.
- Printing of our first hardback, *God's Gospel of Grace*, which contains articles from more than 20 old writers, all on the theme of salvation drawn from five issues of the *FGB*. Our purpose is to send it to every pastor we can, especially overseas.
- A redesign and major upgrade to our website.
- Launch of the Spanish-language edition of the *Free Grace Broadcaster*.
- Attending additional major conferences regularly with a free literature table, to introduce people to the literature available at Chapel Library, including the Shepherds Conference, Together for the Gospel, Gospel Coalition, Founders Conference, Ligonier National Conference and Leadership Conference, and the Philadelphia Conference on Reformed Theology.
- Additions of International Distributors in new countries.